

AHL Brief Note: Commercial Banks

SBP designates D-SIBs for 2025

Revised bucketing and CET-1 surcharges

SBP updates D-SIB buckets for 2025

- The State Bank of Pakistan (SBP), through its [circular](#) dated 29th Aug'25, has announced the outcome of its annual review of banks' financials (based on Dec 31, 2024 statements).
- Following the assessment, three banks: National Bank of Pakistan (NBP), United Bank Limited (UBL), and Habib Bank Limited (HBL), have been designated as Domestic Systemically Important Banks (D-SIBs) for 2025.
- These institutions, owing to their size, interconnectedness, and critical role in the domestic economy, will remain subject to enhanced supervisory oversight and higher capital buffers to safeguard financial stability.
- In particular, SBP has imposed additional Common Equity Tier-1 (CET-1) capital requirements, effective from March 31, 2026.

Revised Bucketing and CET-1 Surcharges

- NBP (Bucket D) – Additional CET-1 of +2.5%
- UBL (Bucket C) – Additional CET-1 of +1.5%
- HBL (Bucket C) – Additional CET-1 of +1.5%

About the D-SIB Framework

- The SBP's D-SIB framework (introduced in 2018 and later revised in 2022) is aligned with Basel Committee guidelines while being tailored to local economic dynamics. It identifies banks whose failure could pose systemic risks to the domestic financial system.
- Selection is based on quantitative and qualitative criteria, such as institutions with total exposure exceeding 3% of Pakistan's GDP at market prices being automatically considered. Identified banks are then placed into buckets according to size, interconnectedness, substitutability, and complexity, with higher buckets attracting stricter capital surcharges.

Table: D-SIB Framework

Bucket	ACET-1 Req.	Total CET-1 Req.
D	2.5%	8.5%
C	1.5%	7.5%
B	1.0%	7.0%
A	0.5%	6.5%

Source (s): SBP, AHL Research

Table: Revision in the banks requirements

Banks	Revised Bucket	Previous Bucket
NBP	D	C
UBL	C	B
HBL	C	B

Source (s): SBP, AHL Research

Table: Banks' buffer as of Jun'25

Banks	CET-1	Buffer
NBP	20.3%	11.8%
UBL	18.7%	11.2%
HBL	14.0%	6.5%

Source (s): SBP, Company financials, AHL Research

SBP designates D-SIBs for 2025 Revised bucketing and CET-1 surcharges

Disclaimer: This document has been prepared by Research analysts at Arif Habib Limited (AHL). This document does not constitute an offer or solicitation for the purchase or sale of any security. This publication is intended only for distribution to the clients of the Company who are assumed to be reasonably sophisticated investors that understand the risks involved in investing in equity securities. The information contained herein is based upon publicly available data and sources believed to be reliable. While every care was taken to ensure accuracy and objectivity, AHL does not represent that it is accurate or complete and it should not be relied on as such. In particular, the report takes no account of the investment objectives, financial situation and particular needs of investors. The information given in this document is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. AHL reserves the right to make modifications and alterations to this statement as may be required from time to time. However, AHL is under no obligation to update or keep the information current. AHL is committed to providing independent and transparent recommendation to its client and would be happy to provide any information in response to specific client queries. Past performance is not necessarily a guide to future performance. This document is provided for assistance only and is not intended to be and must not alone be taken as the basis for any investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult his or her own advisors to determine the merits and risks of such investment. AHL or any of its affiliates shall not be in any way responsible for any loss or damage that may be arise to any person from any inadvertent error in the information contained in this report.

Disclosure required under Research Analyst Regulations, 2015:

In order to avoid any conflict of interest, we hereby disclosed that;
Arif Habib Limited (AHL) has a shareholding in NBP.